

Foreword

Welcome to the HM Revenue & Customs Corporate Responsibility Report for 2007-08 - a first for us and also a first for any government department.

As a public sector body, many of our key functions carry with them strong corporate responsibility (CR) messages: the revenues we collect pay for schools, hospitals and other essential services; our protection of UK borders from drugs and prohibited goods benefits local communities; and our management of environmental taxes contributes to the challenge of minimising climate change.

I see the way in which we carry out these functions as providing the true measure of our responsible business approach. CR at HMRC is our conscience in driving our business agenda. For me it is about such things as how we are simplifying our systems for taxes and duties to make it easier for taxpayers to deal with us, how we are going out into local communities to help our benefits and credits claimants receive their full entitlements, how we are responding at ports and airports to new trends in illegal importations, and how we are cutting back on the carbon emissions from our buildings and our travel to play our part in tackling climate change. I am in no doubt that our effectiveness as a government department has been considerably enhanced by our corporate responsibility agenda.

This Report marks the end of the first stage of our CR journey. It outlines the progress we have made in setting the foundations for our CR programme – a programme that has seen us engage more regularly with our key stakeholders, consult more widely with our customers and listen more attentively to our staff. I am pleased that this progress has been independently recognised: this year we retained our Gold standard in the prestigious Business in the Community CR Index, we have been commended for our customer service and the Stonewall benchmarking exercise confirmed that HMRC remains one of the top 100 employers for gay people in Britain.

We still have some way to go before CR is fully integrated into all that we do but I hope you will agree that our progress, outlined in the following pages, demonstrates how serious we are about achieving this aim. As we move forward into 2008-09 and beyond, CR will remain an integral part of our day to day work.

Dave Hartnett
Acting Chairman, November 2007 to July 2008

About HM Revenue & Customs

HMRC is one of the biggest central government departments. It was created on 18 April 2005, bringing together the work, resources and people of the Inland Revenue and HM Customs & Excise.

What we do

Our **role** is administering the UK's tax and customs systems.

Our **aim** is to ensure society's financial wellbeing.

Our **objectives** are:

1. For both individuals and businesses, to gather more of the tax that's due, and to make more credits and payments to which they are entitled.
2. To improve the experience of all our customers when dealing with HM Revenue & Customs, improve our support for business and make it easier for people and businesses to pay the tax and duty that's due.
3. To strengthen the UK's frontiers against threats to its security, social and economic wellbeing and environment. This must be done without risking the UK's ability to remain a competitive place in which to do business.

We **collect**:

- Capital Gains Tax
- Corporation Tax
- Excise duties
- Income Tax
- Inheritance Tax
- Insurance Premium Tax
- National Insurance Contributions
- Petroleum Revenue Tax
- Stamp taxes
- Value Added Tax

We **pay**:

- Child Benefit
- Child Trust Fund
- Tax credits

We **protect** by enforcing:

- Border and frontier protection
- Environmental taxes
- National Minimum Wage

How much money and how many customers...

In 2007-08 HM Revenue & Customs (HMRC) collected £457 bn in tax and duties and paid out tax credits and benefits of over £30.3 bn.

There are 31.6 million people in the UK with tax liability.

There are nearly 2 million active traders registered for VAT.

Some 7 million families receive Child Benefit for over 12.3 million children.

Some 20 million people claim a tax credit.

Our main contact centre network handled in the region of 60 million calls this year.

Who carries out the work ...

We employ about 91,000 people of whom nearly a quarter work part time. This is the equivalent of about 84,000 full time workers.

... where they do it ...

Our staff work in about 500 offices in about 300 locations across the United Kingdom and some overseas.

... and what resources they use to do it

We used about 416,000 KWh of power in 2007-08 (mostly electricity, some gas and a little oil).

We used about 725,000 m³ of water in 2007-08

We use over 250 computer systems.

Our financial and operating environment

HMRC was established by the Commissioners for Revenue and Customs Act 2005. It is accountable to the Chancellor of the Exchequer for all the work that it does.

HMRC's key objectives, priorities and its funding are agreed periodically with HM Treasury. In recent times this has been on a three year cycle and the period covered by this report is the final year of the latest cycle referred to as our Public Service Agreement (PSA).

The PSA for the period 1 April 2005 to 31 March 2008 confirms our aim and three high level objectives. It also set three financial targets:

- achieve a net reduction of 12,500 full time equivalent jobs (from a baseline of 97,755 to 85,255) and the redeployment of 3,500 jobs from support functions to front line work
- relocate 1,950 jobs out of London and the South East; with a further 2,300 jobs to be relocated by 2010
- by working more efficiently, make annual savings of £507m in our operating budget, of which half can be recycled to spend on priority programmes

Our high level objectives, underpinned by detailed performance targets and the financial targets, define the operating environment in which we have applied our corporate responsibility strategy.

What we've done to become corporately responsible

2006-07

Two years ago, we used Business in the Community's (BITC's) CR Index to benchmark our current policy and practice and to identify what we were doing well and where we needed to do much better. We received a bronze equivalent award in 2005-06 and followed it up with a gold award in 2006-07.

We initiated regular discussions on Corporate Responsibility (CR) at Board meetings and set up a CR Committee, chaired by one of our Non-Executive Directors.

We engaged the commitment of our senior managers through a programme of workshops and seminars to explain what CR is, what its benefits are, and how it is relevant to HMRC.

In October 2006 we hosted a CR Summit for 100 business leaders from the public, private and voluntary sectors to identify good practice and establish cross-sector partnerships.

We developed policies to bring consistency to CR issues that impact across our organisation and incorporated existing sustainable development plans into our wider CR strategy.

2007-08

We invited 6 of our 34 business units to pioneer practical ways of incorporating CR into their everyday work, including planning, risk assessment, communication and staff involvement.

In partnership with the Chartered Institute of Taxation and SustainAbility, we hosted a responsible tax debate to consider whether tax should be a CR issue.

We established ourselves as leading the way across central government and the wider public sector in embedding CR principles into our business thinking. We gave presentations on our CR journey and offered a public sector view at various external CR committees.

We merged our CR and diversity functions into one unit.

We continued to check our progress by using the BITC CR Index to benchmark our performance. In the latest Index we received a second gold award and confirmed our position as sector leaders.

Governance of corporate responsibility in HMRC

Activity	Who does it
Monitoring and Benchmarking Performance, Giving Feedback, Influencing, Advising	Government Agencies and Departments, Ministers, Internal Audit, BitC CR Index, NGO Benchmarks, Community Groups, Diversity Networks, Customer Representative Organisations, External Advisers
Setting Direction, Devising Strategy, Deciding Policy, Making Plans	Ministers, Cabinet Office, HMRC Board, HMRC CR & Diversity Committee, Director for CR, Directors of Business Units
Implementing Plans, Taking Action, Making Change, Innovating, Testing Ideas	HMRC Business Units (particularly the six CR Pioneer Business Units), Individual and Business Customer Units in HMRC, Estates and Support Services, Commercial Directorate, Communications and Marketing, CR & Diversity Unit in HMRC, Information Management Services in HMRC

Our challenges

Earning the trust of our customers

Our customers' trust in us was dented by a breach of data security in 2007. Our job is much easier if our customers are confident that we will protect the information they give us and deal with them quickly and efficiently.

Our challenge is to engage properly with our customers; consult them about the services we provide and the way we do things; listen to what they have to say; and make the changes necessary to improve our service.

Building and maintain staff morale

Since HMRC was created on 18 April 2005, we have devised and implemented new ways of working that reflect our merged functions and respond to the changing business environment. We have also been realising the savings expected to be made as a result of the merger of our two predecessor organisations. All this change has a big impact on our staff. Many are learning new skills to do new jobs and all are adapting to a new organisation.

Our challenge is to build and maintain our staff's confidence in their leaders and managers; provide an environment for people to develop and acquire new skills; and, where possible, offer alternative employment to those working in offices we have to close.

Reducing our impact on the environment

Climate change is one of the world's biggest challenges. The UK Government's strategy for climate change sees government departments playing a leading role. HMRC administers a range of environmental taxes, but we also have to reduce our own impact on the environment.

Our challenge is to make a substantial and permanent reduction in our carbon emissions through a combination of using our energy more efficiently and changing the way we do things.

Connecting with the communities we serve

Many of the services we provide contribute to the government's strategy for social inclusion: tax credits help make work worthwhile; participation in the National Insurance and tax systems facilitates access to important services like health and education.

Our challenge is to improve our contact with all the communities we serve, including the most marginalised who may feel excluded from our mainstream services. We also want to play our part in improving social wellbeing.

Earning the trust of our customers

We deal with over 31 million people, nearly 2 million businesses, about 7 million families and many millions of international travellers crossing the UK border each year. They are all our customers.

We know that most of our customers want to do what's right – to pay what they owe and to claim only what they are due. We want to make it as easy as possible for them to do this. This means:

- getting to know more about them
- acting on what they tell us we need to do to improve our service, and
- earning their trust.

Getting to know more about our customers

Many of the tax returns we receive have mistakes or are incorrect in some way. Putting these mistakes right can be expensive for our customers and for us. Getting to know our customers helps us to understand why mistakes are made and how we can help to eliminate them.

For some of our customers, a tax credit or Child Benefit claim could be the first step towards lifting them out of poverty. Yet there are many people who do not claim the credits and benefits to which they are entitled. We want them to tell us why this happens so we can remove the barriers in our systems that prevent them from making a claim.

We are consulting with our customers to look at issues from their perspective. This has helped us to understand their priorities and how they want to give and receive information.

Some examples of our consultation programme include:

Our Tax Credit Office staff visiting Sure Start Nurseries to offer advice on the tax credits claims process. These visits have provided valuable feedback on the cost to young mums of using their mobile phones to contact us and the confusion that exists between bank account sort codes and account numbers.

Partnering the Chartered Institute of Taxation and SustainAbility to engage large companies, investors and financial advisers in discussion about their social responsibility to pay tax.

Discussing PAYE modernisation with the Employment Consultation Forum, a permanent group of employers' representatives and accounting advisers.

Seeking feedback from construction industry representatives, their agents and sub-contractors, who make up the Construction Industry Reform Implementation Panel, on changes to the management of tax in the

construction industry.

Researching the barriers disabled people face in dealing with us. This has highlighted that our disabled customers cannot be defined by their disability. They need the flexibility to do things differently when our processes do not make sufficient allowances for their disability.

Acting to improve our service

We don't just listen; we act on what we find out to improve our services in areas that our customers see as a priority. That means:

- re-designing and simplifying our services to align them with customers' needs
- providing the information that customers want, when they need it, and in a format and style that they find accessible, and
- being proactive to anticipate changing customer requirements.

Improving our knowledge and understanding has enabled us to target our services and campaigns at customer groups with specific needs. For example, research with our tax credit customers found that many claimants with disabled children were unaware that they may be eligible for additional tax credits. We are working on ways to contact these households directly to encourage take up of this extra help.

Better up-to-date information means we know when to adjust our policies and processes to take account of economic and business conditions as shown by our rapid response to businesses affected by 2007 summer floods.

Small and medium sized businesses tell us that they want to know more about how HMRC impacts on their business activities. This year, we organised a programme of Business Advice Open Days at a range of venues, from small mobile advice stops in shopping precincts to larger conference style events at football stadiums.

Small and medium businesses also tell us that working out the tax and National Insurance (NI) on their staff's wages can be time consuming and costly for them. In response, we have created a simple payroll package that can be used to do these calculations quickly and accurately and we have made it available free of charge to employers who do not have payroll software. This package reduces the burden on their business and gives us some assurance that the right amount of tax is being paid. Another time saving initiative, which will help 1.3 million businesses, is the introduction of shorter tax returns for businesses with a turnover below the VAT threshold.

We issue approximately 1.3 million NI numbers a year, approximately half to 16 year olds and half to migrant workers arriving in the UK for the first time. Research with these 'new to work' customers has enabled us to make the information we send them more relevant to their needs. For instance, migrant

workers do not need the same detailed information we give to young people in full or part-time education.

In support of businesslink.gov and government e-services, we have made it easier for our customers to access our services online and deal with us electronically. We produced a video podcast to demonstrate how online filing can be done. The steady growth in online filing for VAT and self-assessment returns, which now stands at 49% and 40% respectively, demonstrates the confidence our customers have in our online services.

We have also won awards for our customer innovation. Work on our electronic system to simplify international trade procedures won the Team Success title at the e-government awards. The Institute of Payroll Professionals (IPP) recognised our communications for employers, agents and developers, and our work on wage payments at the end of the financial year. Our Bathgate Contact Centre won the judges' special award in the Call Centre Focus European Call Centre awards and our Dundee Contact centre staff were highly commended in the Corporate Responsibility award category.

Earning trust by meeting our responsibilities

Our top level responsibility to our customers is to collect tax that is due and pay credits and benefits to which people are entitled. Shortfalls in taxes hit government services like health and education from which we all benefit. Unpaid or unclaimed credits and benefits can leave people struggling to make ends meet and damage the country's economic welfare.

We also have a responsibility to treat people fairly and equitably, to maintain high standards of conduct, and to treat confidential information with respect and safeguard personal information.

We have published our Standards of Business Conduct and implemented procedures to ensure that all our staff abide by this code. The number of complaints we received is down 23% on last year's figure and only 2.4% required action by the Independent Adjudicator.

Although we have sought to protect the personal and business information that is entrusted to us, we had a serious breach of data security in 2007 when two discs, containing information about seven million families in receipt of Child Benefit, went missing. We have worked hard to minimise the impact of this data loss. We have kept each individual customer informed about what has happened and what we are doing to protect them from misuse of the information. Major organisational and procedural changes have been introduced to prevent further occurrences. Independent enquiries into these losses have reported and we are committed to acting on their recommendations.

Case studies

Stakeholder consultation

We have created a new forum for organisations working with some of our most vulnerable customers. The forum sees representatives from the voluntary and community sectors, such as Citizens Advice, Tax Aid, Age Concern and the Royal National Institute for the Blind sitting alongside wider groups such as the TUC. Meetings provide an opportunity to discuss topical issues and HMRC proposed changes in order to seek views, which will help us make our decisions.

Recent topics considered include improving the content of the HMRC internet site, HMRC's handling of post, HMRC marketing campaigns and tribunal reform. This forum has a vital role in our commitment to proper consultation.

January 2008 saw the first meeting of the Disabled Customers Consultation Group. The group brings together voluntary and community sector (VCS) stakeholders, with an interest in disability, and HMRC staff to discuss our services.

Summer flooding

When many businesses were adversely affected by the floods in the summer of 2007, we responded by relaxing the rules for them on the payment of tax and submission of returns.

To ensure that we were doing enough, we linked up with local Chambers of Commerce to visit over 20 businesses in some of the worst affected areas. These visits enabled us to hear first hand what the problems were and what help was needed from HMRC.

The visits also highlighted the impact felt by businesses outside of the flooded areas, for example those in the supply chain. This prompted our helpline staff to take a broader view on which businesses should be eligible for help.

Tax help for students

In March we linked up with the UK's 60 largest universities, the National Union of Students (NUS) and the Association of Student Money Advisors to launch Student Tax Aware Week. As well as a dedicated independent website for information, we offered a tax refund calculator on Facebook and tax videos on YouTube. One in four students accessed the campaign with 8,000 trying out the calculator.

Building the capability of our people

We are drawing on the talent and skills available from across the UK to build a diverse workforce that is committed to delivering a professional service to our customers.

Transforming our workforce

Since 2005 we have been transforming the way we work to place our customers at the heart of everything we do and to realise the savings from merged functions and greater use of technology. To deliver the best possible service we need to have the right people in the right locations. This means:

- changing the type of work carried out by many of our staff
- reducing the number of full time equivalent staff by 12,500, and
- rationalising the number and location of the offices in which our staff work.

This has been an unsettling time for our staff. However, we are pleased to report that by finding long term jobs for the majority of our staff who wish to continue working for HMRC, we have been able to avoid the need for compulsory redundancies. We acknowledge that it may not be possible to sustain this approach in the future.

Making HMRC a better place to work

Making HMRC an organisation people want to work for means having:

- a work culture and employment conditions, which allow new recruits to join and participate with the staff of our two predecessor departments
- managers who demonstrate strong leadership by setting high standards, giving clear direction and motivating their teams, and
- working conditions that promote physical and mental wellbeing and enable people to enjoy a work/ life balance.

We have successfully operated a unified performance management system for the past year. We have also just come to the end of a three year deal on pay and grading that leaves fewer than 2,500 staff employed on terms applying in either the former Inland Revenue or HM Customs & Excise.

Our new leadership development programme enables all managers, no matter what their level, to develop the skills and behaviours needed to motivate and manage their staff.

Staff have access to a wide range of flexible working arrangements and a high quality occupational health service, providing advice on managing physical and mental wellbeing at work.

Promoting diversity and equality

We know that there is still work to be done before our workforce fully reflects the communities we serve, particularly at senior management levels. We therefore have challenging targets for the number of women, people from ethnic minorities, and people with disabilities working in our top grades.

Staff in top grades	Target	Achievement
Female	32%	28.6%
From black and ethnic minority backgrounds	3.3%	3.69%
With a disability	8%	7.8%

Our human resource (HR) systems were audited this year to ensure that we do not unjustifiably discriminate against anyone in recruitment, development, assessment of performance or selection for promotion or new jobs. Each one of our people can make a unique contribution to our success and we aim to use our differences in positive ways to promote an inclusive environment for staff and customers.

We recognise that barriers still exist in society and in the workplace that hinder the progress of people from particular groups. We are acting positively to ensure that these are eliminated from HMRC policies and processes. As well as challenging inappropriate behaviour, we promote positive behaviours and attitudes, and we use the knowledge and skills of our diverse workforce to improve our sensitivity to the different needs of our customers.

We have appointed Board level Directors to champion the interests of under-represented groups. The Directors are supported by staff networks for disability, race, religion and belief, lesbian, gay and bisexual (LGB), transgender, gender, age and flexible working. We take expert advice on our policies and practices from independent groups such as the Employers Forum on Age and the Race for Opportunity. We publicly measure ourselves against the best and most challenging benchmarks of good practice in the workplace, such as Stonewall to find out how we can improve our performance. This year we once again made Stonewall's top 100 list of employers of gay, lesbian and bisexual staff.

Listening to our people

Twice a year we ask our staff to tell us their opinions about a wide range of issues affecting HMRC. We track their perceptions of our leadership and management, our culture, and the opportunities open to them to acquire and develop relevant skills and knowledge.

There has been enthusiastic participation by our staff in discussing issues important to them with our Acting Chairman and senior Directors. A weekly roster of senior Directors in an intranet Hotseat has provided over 1,700 replies to all the issues raised in over 9,300 questions from staff. About 1,500 people listened in to four live 'question time' phone-ins with senior Directors.

Case studies

HMRC Lesbian, Gay, Bisexual and Transgender Staff Networks

HMRC is unique in the Civil Service in having two entirely separate Lesbian, Gay and Bisexual (LGB) and Transgender (T) networks with a combined membership of around 350 members. This shows we recognise not only the differences between sexual orientation and gender identity, but also the different issues arising from these two diversity strands.

We have a Board level Director General who champions LGB&T issues to ensure they maintain a high profile at all levels of the organisation. Our network members regularly give advice on sexual orientation and gender identity issues. They represent HMRC at Pride events across the UK, promoting our profile within LGB&T communities. They have also helped to raise awareness on transgender issues across the Civil Service.

Detection PaceSetter

Staff in the Detection area of our business are facing a time of significant change. Many of them working in the customs field will be joining staff from the Border and Immigration Agency and UK Visas to form a unified UK Border Agency.

Our PaceSetter programme is our approach to improving what we do. It gives staff the opportunity to make radical improvements in effectiveness and efficiency for our business and customers. Using PaceSetter principles, Detection has run a series of workshops involving staff of all grades in bringing about change from the ground upwards. Recommendations from the events resulted in a trial of accredited management training and a managers' meeting pack to improve communications. The workshops also offered managers new skills and techniques to engage and motivate their staff as they prepare to leave HMRC at the end of 2008-09.

Prince's Trust

130 of our employees took part in the Prince's Trust Team programme, which involves working in the local community with young people who are unemployed and unskilled and, very often, about to leave the criminal justice system or care.

Laura Cook, from our Excise office in Wolverhampton won the Prince's Trust 'Celebrate Success' award for community impact. The award recognises the positive contribution young people make in the local community.

"On the Prince's Trust Programme I helped to prepare eleven young people for a brighter future. They helped me to be more understanding and tolerant, a better listener, a more proactive problem solver, more decisive and a better team player and mentor." Joanne Geddes, Detection

Our environment

HMRC manages environmental taxes and duties and enforces restrictions on international trade in endangered plants and animals, unsustainable timber and ozone depleting chemicals. Our role contributes to the government's strategy to change the behaviour of individuals and businesses towards the environment.

However, it is not enough for us just to police the system. We are part of it and we are committed to respecting the environment in our day to day activities. We are engaged in reducing our carbon emissions and waste as well as increasing our recycling in line with the government's green targets for 2011 and 2020. This year, we cut our waste and we increased our recycling. We are encouraging our stakeholders and our suppliers to do the same.

Changing our behaviours

Recognising that we have to change our behaviours if we are going to reduce our carbon emissions, we commissioned a study of the carbon generated from our buildings, our computer equipment and our travel. This study has helped us to focus on making the heating and lighting systems in our buildings more efficient, reducing the power used by our computer systems and changing our approach to travel.

We have developed a sustainable procurement strategy to ensure that our suppliers are actively engaged in environmental thinking and that the environment influences our purchasing. Bottled water has been replaced by tap water for meetings, recycled paper is used in all our offices, and waterless urinals are being installed as part of our refurbishment programme.

During this year we met with all our major suppliers to ensure that sustainable development principles are in place throughout their supply chains and cover the services they perform, the goods they produce, and the working environment they provide for their employees.

Pioneering groups of staff have set up office 'green teams' to check that lights and appliances are switched off when not in use and recycling facilities are improved.

Tackling water

Almost all of the buildings and utility services we use are supplied and managed by contractors. A contractor led programme to repair leaks from water pipes, coupled with staff efforts to use less water, has reduced our water consumption by 5%.

Changing business practice on travel

Our staff travelled about 125 million miles on business in 2007-08. 62 million miles in road vehicles, 45 million by rail, and 18 million by air.

We are reducing the carbon emissions from our business travel by:

- whenever possible, removing the need to travel through a more rigorous challenge of the need for meetings and an increased use of telephone and video conferencing
- switching to a lower emission mode of travel such as rail or bus and limiting the use of air travel within the UK, and
- when road travel is necessary, incentivising the use of lower emission motor vehicles with a 'greener' car fleet, hiring of 'greener' cars, and limiting expenses paid for use of private cars, many of which have higher emissions.

The health and wellbeing of our staff will also benefit from fewer journeys.

Encouraging online filing to reduce paper use

One of our biggest uses of paper is in the production of forms, letters and information booklets. We are steadily reducing the printing of these publications by offering online services instead. Many of our most used forms now come in two versions, a paper version and one specifically for internet use that doesn't need to be printed off. Online filing of Self Assessment for Income Tax has increased by 31.5% in the last twelve months with 46% of people now using a computer to send us their tax return.

We cut our office paper usage by 8% this year by setting our printers for double sided printing and encouraging our staff to print only when necessary.

Changing our thinking on policies and processes

The decision making process for all new HMRC policies and processes now includes an assessment of the impact they will have on the environment. This approach ensures that we are more conscious of the resources we use when setting up new ventures and that we think ahead to the full cost of disposal and clean-up when we finish or have to renew equipment.

Cleaning the mobile scanners we use at ports, to examine freight trucks and containers, requires large quantities of water. The waste water is contained and disposed of responsibly to ensure there is no contamination in the port environment.

Recycling

All our offices have paper recycling facilities and 27 of our sites are also recycling glass, plastic and cans. Full recycling will be rolled out across our estate in 2008-09. As we close offices much of our unwanted furniture is being reused in community and charity projects.

Recycling example

HMRC donated 530 boxes of bananas to the Monkey World Ape Rescue Centre. The bananas were part of a consignment to act as a decoy for an attempt to smuggle 2.7 million cigarettes into the UK. The goods were seized

in December 2007 from a refrigerated lorry arriving at Poole ferry port from Cherbourg.

Recognising progress

Our Newcastle estate's work on environmental management has been recognised by a Business in the Community (BITC) 'Big Tick' award and the Eco-Efficiency accreditation ISO14001.

Environment case studies

Recycling of seized goods

HMRC is responsible for the prevention of smuggling. Our Queens Warehouse (QW) sites provide a secure facility for storing goods which have been seized. The QW sites have made a positive impact on the environment by developing innovative methods for recycling these seized goods. This year:

- 1,839 tonnes of tobacco have been shredded and burned to generate electricity to feed the national grid
- 5,809 pallets of alcohol have been recycled. The alcohol is processed into fuel for Severn Trent Water Authority for the generation of electricity. All the packaging is recycled
- 871,964 litres of DERV have been recycled and sold to cement factories, raising revenue of £272,000
- 1477 seized vehicles have been sold, raising revenue of £1.54 million
- numerous pallets of household goods, such as washing powder, have been donated to In-Kind Direct, a voluntary organisation that assists 4000 charities. Other goods have been sold at auction, minimising material sent to landfill.

Carbon case study

In autumn 2007, it became clear that we were not making sufficient headway with our carbon reduction programme. We wanted to establish whether the short term challenges we had set ourselves were achievable so we commissioned an independent study of our carbon generating activities. The benefits of this approach were speed - the study would take only six weeks - and access to external experience and expertise.

The study focussed on our IT, our buildings and our travel, and looked at how we can cut our emissions and improve our energy efficiency. It concluded that we can shrink our carbon footprint quite significantly if we are prepared to: build carbon management into our business strategies; invest in more energy efficient IT and building improvements; revise our travel policy; and work with our suppliers to minimise our carbon footprint. These recommendations will be implemented in 2008-09 as part of our Sustainable Development Action Plan.

Connecting with communities

We work with two different sorts of community groups; our local communities, in the town and cities where our staff work and live, and our customer communities, which extend across the UK and overseas.

Much of our day to day work supports these different communities. The taxes we collect pay for schools and hospitals. Our benefits and credits payments provide extra help to families, and our customs work at ports and airports reduces the amount of harmful products entering communities from illicit dealers.

In working closely with our communities we are:

Reaching out to marginalised communities

We play our part in the government's drive for greater social inclusion by encouraging those eligible to claim their rightful credits and benefits. But there are some communities, often those that need our services most, that we cannot reach through our usual means of contact. We are adopting different and more innovative ways to reach out to these marginalised, and often vulnerable, groups such as through voluntary and community sector (VCS) organisations like the Citizens Advice Bureau.

This year we have supported 47 VCS organisations with grants totalling £2m to enable them to provide advice to our most vulnerable customer groups, such as lone parent families, disabled people, older people and young people entering work. We are also helping VCS organisations invest for the future by supporting 18 projects to develop the skills and knowledge of their volunteer and professional workers.

Preparing local communities for relocating our offices and staff

As we conduct more of our business online and by telephone, we are reducing our presence in many towns and cities across the UK. We have already closed a number of offices and more will need to close over the next year. We are acutely aware of the impact this can have on local people and businesses.

Before we close an office we carry out a structured programme of consultation with local communities and their representatives. They get to know in advance what we are planning. They tell us about any special factors that they think we should take into account, and they work with us to minimise any disruption.

We take into account the views of local authorities, local business representatives, local MPs and councillors, community groups, local transport providers, and local service providing businesses. They are able to plan ahead to deal with the consequences of our decisions and in some cases we change our plans as a result of their representations.

Staff volunteering

Society needs the active participation of its citizens - schools need governors, courts need magistrates, health authorities need trustees. This year we gave 2,500 paid days off for our staff to undertake these public duties.

The government is committed to increasing public involvement in voluntary activities that benefit local communities and society. We allow our staff time off to undertake volunteering work that benefits their local community, their personal development, and the work of HMRC. Examples of volunteering work they have participated in this year include: reading, writing and interview practice with young people; working with Young Enterprise and Business Education Partnerships to raise standards of financial literacy and understanding of taxation; supporting young people through participation in the Prince's Trust programme; and mentoring students from ethnic minority backgrounds as part of National Mentoring Consortium programme.

Supporting local communities

We support local communities in a variety of ways often in partnership with local councils and voluntary groups. As examples, our Tax Credits Office has donated over 2000 Tesco and Sainsbury's vouchers to adopted schools in Liverpool and Preston.

In Bradford, we give advice on tax issues to business counsellors for the Kickstart scheme. This scheme is run by the local council and Chamber of Commerce and offers advice to people on becoming their own boss.

In London, customs staff are working with the London Development Agency (LDA) to facilitate the trouble free movement of competitors, supporters, and equipment for the 2012 Olympics.

Supporting international communities

Through our work with international travellers and trade, we have obligations to communities in other countries. In a world of global trade and travel, the success or failure of these communities has a direct impact on people and businesses in the UK. We believe these communities are more likely to succeed if they have good civil administration and their citizens are protected from the damage caused by trade in illicit goods.

We support international communities by helping to build the civil administration that supports democratic civil government. We have staff based in the Middle East, Asia and Africa setting up fair and trusted tax systems and effective border control. We underpin this work with training to transfer our skills and knowledge to local officials, ready for the day when we can fully hand over operations to their governments.

We have forged successful partnerships with customs authorities in the Caribbean and West Africa to modernise and upgrade their procedures for the

control of international trade and travel. These partnerships include the exchange of intelligence about illicit trade and the supply of new equipment for searches of people and craft. They are reducing the damage that smuggling can have on communities abroad and in the UK.

Protecting local communities

We want to make our work more meaningful to local communities and to give them the confidence to work with us in tackling illicit businesses and the consequences of their dealings.

We are working with the pharmaceutical industry to educate people about the dangers of buying and using counterfeit drugs and medical devices. Counterfeits usually give no medical benefit and may engender a false sense of wellbeing and safety.

We are linking our work on stemming the flow of illegal weapons into the UK with the work of organisations dealing with the social consequences of organised criminal gangs and the youth gang culture. We are working with police forces and local authorities to roll out packages of enforcement action and community reassurance tailored to the circumstances of key urban areas across the UK.

Fund raising for charities

Many of our staff support or work for charities and other voluntary sector organisations and will raise funds with the help of their colleagues at work. We enable tax efficient fund raising through the Payroll Giving scheme. This year we received a gold award from the scheme in recognition of the 10% of our staff who donated over £2m to charities in this way.

Case studies

Grant in Aid Funding

Contact a Family (CAF) shows the benefits that can be achieved with the help of our Grant in Aid funding. It is the only UK wide charity providing advice, information and support to the parents of disabled children.

Grant in Aid funding has enabled CAF to provide vital Child Tax Credits advice via their helpline, including the introduction of an early evening service for working families. They have dealt with approximately 900 calls this year.

CAF has also offered one-to-one Child Tax Credit advice workshops and produced Child Tax Credit information translated into Urdu, information for Polish communities and web based information for self-employed parents.

Evaluation of the project has shown an overwhelming positive experience for the families involved. Many now receive valuable extra income and they know they can rely on CAF for expert advice.

Counterfeit medicines and medical supplies

The counterfeiting of medicines and medical devices is an emerging and serious health issue, particularly where inferior products enter the legitimate supply chain. The smuggling of counterfeit medicines is on the increase in the UK and throughout Europe. We are seizing recreational pharmaceuticals, including counterfeit Viagra, and medical drugs such as those provided for diabetes and for the treatment of cancer.

In May 2007 our officers at Felixstowe seized and destroyed over 100,000 Durex branded counterfeit condoms, which had been declared on customs papers as rubber gloves.

Our staff are working closely with the pharmaceutical industry to combat the importation of counterfeit drugs and to educate communities about the health threat they pose.

Operation Westbridge

Illegal drugs with a street value in excess of £65 million have been kept off the streets of the UK and other European countries since the launch of Operation Westbridge in November 2006. Westbridge is a front line collaboration between the UK and Ghanaian drug detection authorities that has had a tremendous impact on drug trafficking from Ghana.

One of the most disturbing aspects of this trade is the exploitation of young people who are drawn into trafficking drugs on behalf of ruthless gangs. They transport drugs in luggage or more shockingly in their own bodies, risking their

liberty and even their lives. This vital work has helped prevent the enormous harm the traffic in illegal drugs would otherwise cause to UK communities.

Volunteering quotation

“As a business adviser for the Young Enterprise Programme, I guided and encouraged the students to trust their own initiative. I taught the team that *mistakes are opportunities for learning*”– Safina Saddique, Debt Management & Banking, Shipley

School Governor Quotation

“HMRC supports me as a Chair of School Governors by allowing time off for this role. I have gained invaluable experience and enjoy giving something back to my local community”. Diana Green, Environment Team, London

What will HMRC do next?

Judy Greevy, Head of Corporate Responsibility and Diversity, answers some questions about HMRC's CR programme and what's planned for the next couple of years from 2008 to 2010.

Q. What do you see as the important aspects of a successful CR programme at HMRC?

A. We achieve our best CR results when we have visible and committed leadership, well-informed supportive frontline staff, and partnerships with our contractors, stakeholders and voluntary organisations. What's also important is that CR isn't seen as placing new demands on the organisation. It is making us think differently about what we are doing and how we are doing it. And by 'thinking CR' automatically, we're starting to see more innovation from our staff, which in turn leads to a better service for our customers.

Q. What will be HMRC's CR challenges over the next couple of years?

A. During this period of continuous change it is important that we keep 'CR thinking' in the spotlight. I would like to see us going out more into local communities to hear first hand the sort of help our customers really need from us. We also need to do more to address the health and wellbeing of our staff. Building a package of measures to address their wellbeing is a challenge we must take on board if we want to enhance productivity and morale. Another of our challenges has to be to step up the pace on our contribution to the environment by matching the commitment we are seeing from staff with a more intense programme of corporate actions. Finally, I think it is important that we offer more opportunities for staff to apply their diverse range of knowledge and skills to voluntary activities and public duties, particularly in deprived areas.

Q. What are your top three priorities for the next year?

A. I would say my priorities are to: ensure that we do more to make it easier for our vulnerable customers to interact with us as an organisation; make a significant reduction in our carbon emissions and; increase awareness of CR across HMRC and the public sector.

It's just as important for us to respond to the diverse needs of our customers as it is to promote diversity in our workplace. Very often it is our more vulnerable customers who need our help the most and whose lifestyles we can change the most if they are able to understand our procedures and provide the information we need. I would like to see us making it much easier for these vulnerable groups to approach us and to recognise that we are here to help them.

If we are going to achieve a significant and sustained reduction in our carbon emissions, it is essential that we implement the recommendations from the case study that looked at the carbon emissions from our IT equipment,

buildings and travel. I also want to see us spread the CR message more widely across HMRC, making it part of our change programmes and inviting more of our business units to set themselves demanding CR challenges. Taking this one step further I'll be looking for us to play a major role in influencing other central government departments to introduce CR principles into their activities. We'll be hosting a public sector CR summit in the second half of 2008-09 to provide ideas on getting started and building CR into business activities.

Q. How will you make sure that CR remains a priority for HMRC as the economy tightens and the business environment becomes less favourable?

A. By reminding everyone that CR is not an expense or a drain on resources. It's a way of thinking and behaving that ensures we use all our resources effectively and efficiently to deliver high quality services. I think it is fair to say that in the current climate there is even more reason for organisational responsibility. We cannot ignore the fact that we are seeing a significant shift in the needs of our customers, staff and local communities, along with an increasing emphasis being placed on the environment. As has been shown many times in many organisations, good CR is essential to good reputations, good staff morale and good customer service.

Our corporate responsibility commitments for 2008 through to 2010

	Our aim is to.....	Our commitment is to....
For our customers	<i>be more accessible to our diverse range of customers</i>	<ul style="list-style-type: none"> • <i>increase the take up benefits and credits</i> • <i>increase the take-up of our e-services</i> • <i>make it easier for our vulnerable customers to interact with us</i> • <i>promote an understanding of responsible tax</i>
For our people	<i>make HMRC a better place to work</i>	<ul style="list-style-type: none"> • <i>increase our staff's confidence in their leaders and managers</i> • <i>build a package of measures to support the wellbeing of our staff</i>
For the environment	<i>minimise the environmental impact of our activities</i>	<ul style="list-style-type: none"> • <i>reduce the volume of paper sent to our customers</i> • <i>be recognised as one of the top 10 government departments for reducing carbon emissions</i>
For our communities	<i>introduce a new community programme to help tackle social exclusion</i>	<ul style="list-style-type: none"> • <i>show a 50% increase in our volunteering activity</i> • <i>create effective community partnerships across the UK</i>